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Nunavut
Arctic College

Annual Report

2007-2008



Letter of Transmittal

This Annual Report is respectfully submitted to the Minister Responsible for Nunavut Arctic College. The report includes Nunavut Arctic College's financial statements as well as highlights of activities and major accomplishments for the fiscal and academic year of July 1st 2007 - June 30th 2008.

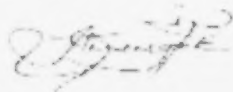
During 2007-2008, the Board of Governors dealt with many of the priorities established by the Government of Nunavut in *Pinasauqtavut*. Good progress is being made with respect to the development of the Nunavut Trades Training Centre in Rankin Inlet. Due to the strong partnerships with organizations across the territory, Arctic College delivers academic and employment-related programs in communities throughout Nunavut. The College has a surplus and continues to strengthen financial management systems and accountability.

In September 2007, a new President, Daniel Vandermeulen, was hired. His prior experience enabled a smooth transition from his predecessor. We are working closely with him to build a culturally responsive college, improve programs and services to communities, achieve academic excellence, and strengthen college systems and operations. The Board considers the establishment of bilingual learning environments to be an urgent need.

Management accountability to the Board is being strengthened. Quarterly financial and performance reports are being developed and presented to the Board within a month after the conclusion of the quarter. In order to facilitate the presentation of reports the frequency of Board meetings has been doubled. In addition to the three face-to-face regional meetings after the first, second and third quarters, the Board has three teleconference meetings. The Board also has a special teleconference meeting in September to approve the annual report.

My fellow Governors and I are aware of the important role the Board of Governors plays in providing overall leadership and direction to Nunavut Arctic College and ensuring that programs offered are culturally relevant and widely accessible. The Board is committed to working with you as Minister Responsible for Nunavut Arctic College so that we can continue to build a stronger college and expand programs and services across Nunavut. We appreciate the support you have provided Nunavut Arctic College during your tenure as our minister.

Sincerely,



Jose Kusugak
Chairperson
Nunavut Arctic College

President's Report

Nunavut Arctic College is well positioned to offer programs in communities across Nunavut through its regional campuses in Iqaluit, Rankin Inlet and Cambridge Bay and its network of Community Learning Centres throughout Nunavut. The Nunavut Research Institute continues its work as the lead agency for science, research and technology at its two locations in Iqaluit and Igloolik. Academic Affairs and Finance and Administration Services at Head Office in Arviat provided valuable support during the past year.

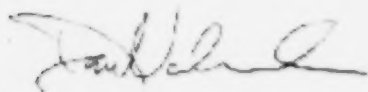
One of the main priorities set for Nunavut Arctic College in *Pinasuaqtavut* was to establish the Nunavut Trades Training Centre in the territory. The main facility will be located in Rankin Inlet. A tender for construction of the facility was released in the spring of 2008. Site preparation started in 2008, construction will commence in spring of 2009, and completion is scheduled for spring of 2010.

It is always a great pleasure to recognize the achievements of our students. Four Sun Joy Harvie McLaren Awards of \$2,500 each have been established to recognize the achievements of Nursing and Education students. Ilagiiktut Ltd has established an annual award to the NLCA Beneficiary who attains the highest academic standing in the Management Studies Program in the amount of \$1,500. The award recognizes that Nunavut Arctic College is an important institution for providing training to Nunavut's future business leaders. And Kivalliq Campus has established the Inuqatigiittianniq Award recognizing the recipient's leadership and commitment to campus life.

The budget for 2008-2009 was prepared and presented to the Board of Governors for approval at the June meeting. Preparing for the year-end audit took considerable time leading up to the on-site audit in July 2008. The financial statements this year show that the College has increased its surplus and is in a stronger financial position.

Nunavut Arctic College had a successful year during 2006-2007 as a result of the combined efforts of staff throughout the College including the regional campuses, community learning centres, Nunavut Research Institute, Head Office and President's Office. I would like to acknowledge and thank all Nunavut Arctic College employees for their hard work and dedication this past year. Highlights of College activities are included in this report.

Sincerely,



Daniel Vandermeulen
President
Nunavut Arctic College



Challenge

The Board of Governors is committed to providing leadership and direction for Nunavut Arctic College by establishing policy and defining the mission, vision, values, and principles that will direct the continual improvement of the College.

"Whereas the Board of Governors of Nunavut Arctic College recognizes that Inuit are the vast majority of students at the College; and whereas the Board also recognizes that Nunavut is unique in Canada in that it came into being at the behest of the Inuit through the Nunavut Land Claims Agreement; therefore be it resolved that Inuit ways of learning and knowing, Inuit traditional knowledge and Inuit culture shall be the foundation for all programs, all curricula and designs for capital projects of the College, effective immediately; be it further resolved that any academic programs or curricula so developed shall to the greatest extent possible be delivered in Inuktitut or Inuinnaqtun; and be it further resolved that any academic programs or curricula so developed must also adhere to stringent academic standards and preserve the principle of transferability of credits to other learning institutions."

Mission

To strengthen the people and communities of Nunavut by providing life-long learning opportunities for Nunavummiut adults by appropriately delivering quality career programs developed with input from our partners throughout the Arctic, and by making the benefits of Inuit traditional knowledge and southern science more accessible.

Vision

Nunavut Arctic College will strive to be the college of choice for the people of Nunavut by offering culturally relevant programs of the highest national standard. In the advancement of their language and culture, our graduates will value education and will be proud to take their place in Nunavut and beyond.

Values

Nunavut Arctic College is a creative community of educators and learners. We are proud of our essential role in providing education that bridges the Nunavut of yesterday, today, and tomorrow.

We value our learners and are committed to their success by:

- Engaging and challenging our students in learner-centred programs;
- Supporting learners through personal interaction, small scale learning environments, and sensitivity to the needs of students;
- Integrating Inuit culture and knowledge in our programs.

We value a positive and productive learning and working environment by:

- Offering innovative programs to meet the requirements of a wide range of learners;
- Providing services that acknowledge learners as multi-faceted individuals and promote student success in all areas of life, as workers, community members, volunteers, family members, and parents;
- Establishing and achieving College objectives through the application of research and transparent practices, and through the services of Nunavut Research Institute establishing the highest research standards.

We value strong connections to the communities we serve by:

- Utilizing community-based delivery models for programs;
- Valuing exchange and interaction with communities and acknowledging the community's role in establishing educational priorities for the College.

We value our partnerships by:

- Collaborating with other institutions and organizations in order to provide a broad range of programs and services for the people of Nunavut.

Principles

The Teaching and Learning Principles serve as guideposts to create a learning-centered institution that reflects Inuit values, beliefs and knowledge. Nunavut Arctic College is an inclusive institution that:

- Respects and honors Inuit languages and culture.
- Involves Elders as an integral part of College life.
- Promotes an understanding of Inuit culture and languages.
- Values students' connections to family and community.
- Prepares students for meaningful careers and healthy lives.
- Places the well-being of students first and provides a strong caring network of support.
- Promotes learning as a positive life-changing experience, involving the whole person body-mind-spirit.
- Encourages the personal, professional, and academic development of students and staff.
- Engages learners as active participants in all aspects of learning and evaluation.
- Ensures our graduates meet national standards.

Strategic Link to Pinasuaqtavut

Nunavut Arctic College supports the Government of Nunavut as it works to build a stronger cultural foundation based on Inuit societal values, develop and expand the economy, and improve education, housing and healthcare. The College is committed to the four main goals of *Pinasuaqtavut* – Healthy Communities, Simplicity and Unity, Self-Reliance and Continuing Learning. Nunavut Arctic College is encouraged by the emphasis placed on education and training throughout *Pinasuaqtavut*. Arctic College joins with northern and southern partners to expand the range of adult learning options accessible by Nunavummiut. In particular, Arctic College will offer more programs accessible in the communities in order to support the continuing personal and professional development of Nunavummiut and equip them with skills to find meaningful employment.

Strategic Link to the Nunavut Adult Learning Strategy

The Nunavut Adult Learning Strategy recognizes the important role Nunavut Arctic College plays in the delivery of post-secondary education and training programs in Nunavut. Arctic College supports the vision, goals and objectives of the strategy and is committed to collaborating with GN Education and other partners to move forward with its implementation.

"We envision a territory where learning and training build Nunavut-based capacity, providing Nunavummiut with opportunities to effectively engage in the cultural, social and economic development of our territory. Nunavut will become a place in which our common goals are achieved through collaboration, cooperation and investment in our human resources."



Martha Michael demonstrates the lighting of a qulliq in Iqaluit.

Strategic Link to the Nunavut Land Claims Agreement

Nunavut Arctic College supports the Government of Nunavut and Nunavut Tunngavik Inc. in achieving the objectives of the Nunavut Land Claims Agreement (NLCA). In particular, Article 23 of the NLCA has as its objective "to increase Inuit participation in government employment in the Nunavut Settlement Area to a representative level." The College will continue to offer relevant education and training that will prepare Inuit for employment opportunities in government.

Inuit Employment Summary	Current Positions	2009	2010	2011
Total Positions	124.5	126	136	138
Total Vacancies	26.5	20	24	19
Executive	1			
Beneficiaries	0	0	0	1
Senior Management	7			
Beneficiaries	2	2	2	3
Vacancies	0	0	0	
Middle Management	17	18	20	
Beneficiaries	3	3	5	6
Vacancies	5	4	3	3
Professional	56.5	55	61	63
Beneficiaries	14	15	11	22
Vacancies	13	11	15	12
Paraprofessional	18.5	19	20	
Beneficiaries	9	11	12	13
Vacancies	2	1	1	
Administrative Support	24.5	26	27	
Beneficiaries	16	18	20	23
Vacancies	6.5	4	5	4
Total Positions less Vacancies	98	106	112	119
Total Beneficiaries	44	49	50	68
Percentage Inuit Employment	45%	46%	45%	57%

College Highlights

2007-2008 Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute. The Board of Governors recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the *Financial Administration Act*.

Nunavut Arctic College has the following Committees:

Executive Committee, Finance Committee, and Policy & Programs Committee.

Jose Kusugak, Member – Kivalliq Region, Chairperson of the Board of Governors, Member of the Executive Committee and Finance Committee

Uriash Puqignak, Member – Kitikmeot Region, Vice Chairperson of the Board of Governors, Member of the Executive Committee and Policy and Programs Committee

Danny Kowmuk, Member – Kivalliq Region, Member of Finance Committee

Lallie Idlout, Member – Qikiqtani Region, Member of Finance Committee

Grant Newman, Member – Kitikmeot Region, Chairperson of the Finance Committee, Member of the Executive Committee

Reanna Sateana, Student Representative, Member of the Policy and Programs Committee

Zillah Piallaq, Staff Representative, Member of the Policy and Programs Committee

Frank Pearce, Member – Qikiqtani Region, Chairperson of the Policy and Programs Committee, Member of the Executive Committee

Daniel Vandermeulen, President, ex officio and non-voting



2008 Adult Basic Education graduates at the Kitikmeot Campus graduation.

Kitikmeot Campus

The Kitikmeot Campus in Cambridge Bay is responsible for all College programming in the Kitikmeot region. In addition to offering the Human Service Program in Cambridge Bay, Adult Basic Education is offered in all Kitikmeot communities through the College's network of Community Learning Centres. The community educators offer a variety of programming based on the needs identified by the community. They co-ordinate the delivery of all College programming in their communities, as well as fostering partnerships and liaising with local organizations such as hamlet councils. Some accomplishments for the Kitikmeot include:

- Piloting the new Prior Learning Assessment and Recognition Curriculum.
- Ensuring that appropriate Information Technology resources are available to staff and students.
- Working with Kitikmeot Economic Development Commission, Newmont Mining, and GN Education to implement the Nunavut Community Skills Inventory System through out the Kitikmeot Region.
- Piloting the incorporation of the PLATO internet-based educational software into the delivery of upgrading programs.
- Partnering with a variety of agencies in each community to maximize use of the college infrastructure and raise the visibility of the college.
- Making ongoing changes to our campus so that it is welcoming to students from across Nunavut.
- Delivering the Aboriginal Language Certificate in Kugluktuk as part of their language revitalization project.

Kivalliq Campus

The Kivalliq Campus in Rankin Inlet is responsible for the delivery of the Management Studies and Office Administration programs. These programs are base funded and are for students from across Nunavut. There are three and a half full-time instructors accommodating three full time classes of 15-25 students in each year of the program. Employment placement from these programs is nearly 80% with the increased demand in Nunavut for financial management.

Full-time adult educators are employed in each community in the region with the exception of Whale Cove, where there is a new half-time instructor. All the regional Adult Educators are bilingual beneficiaries and offer Adult Basic Education, literacy, and upgrading programs in the local Community Learning Centre. They provide educational counseling, facilitate community learning, and assess local training needs, while maintaining the Community Learning Centres.

Adult Educators also coordinate the organization and delivery of other specialized courses as requested by the community when funding is available through government, business and Inuit organization partners. The Kivalliq Campus is actively involved in the delivery of third-party, custom designed or other specifically-requested training programs. Some accomplishments from the Kivalliq include:

- Maternity Care Worker and Midwifery Programs were developed and piloted in cooperation with GN Health & Social Services and will be delivered in the Kitikmeot and Qikiqtani in 2008.
- Customized Training has increased through successful partnerships with the Municipal Training Organization, Regional Inuit Organizations, and various GN departments.
- Community Aerodrome Radio Assistants Program was developed and delivered in cooperation with NAV Canada and Nunavut Airports. The number of graduates from Nunavut has doubled since offering this program closer to home.
- The Director of Trades, Transportation, and Mining Programs was hired in 2007 and is a significant addition to the College's capacity for initiatives in the mining industry, Nunavut Trades Training Centre, and Nunavut Housing Trust Strategy.
- The College has been contracted by Kivalliq Inuit Association to deliver mine training under their new IIBA with Agnico-Eagle Mines.
- Construction of new student family accommodations was completed in 2008.

2008 Kivalliq Campus graduation ceremony.





Nunatta Campus

The Nunatta Campus in Iqaluit is responsible for all programming and Community Learning Centers in the Qikiqtani Region. The Campus offers programs in Nunavut Teacher Education, Nursing, Environment Technology, Inuit Language and Culture, College Foundation, Office Administration, Fine Arts and Crafts, as well as Academic Preparation. Achievements in the Qikiqtani include:

- Increase of graduates from degree programs successfully obtaining professional licenses.
- Increase in community-based delivery of credited programs.
- The Nunavut Teacher Education Program review was completed and planning for a territorial expansion has started.
- Approval of a new student residence with construction started in 2008.
- The College Foundation Program increased access to diploma and degree programs.
- Seven students graduated from the Mental Health Care Diploma Program in 2007. A new cohort started in January 2008.
- A Computer System Technician Program commenced January 2007 in cooperation with GN Community and Government Services
- Increase in Language and Culture program publications and participation in International Inuit Studies Conference with research grant from the Social Sciences and Humanities Research Council of Canada.
- Construction of the new Pond Inlet Community Learning Centre is scheduled to start in 2009.
- Maternity Care Worker and Midwifery Program started in Fall 2007.
- Community Therapy Assistant Program started in Spring 2008.
- Fur Design and Production Program started in Fall 2007. Two students, Meeka Kilabuk and Rosalind Machmer won in the National Design Competition.
- Two Jewelry & Metalwork Program students won awards in 2007. Alie Kippomee won the BMO Award and Eva Eeseemailee on the College Christmas Card Competition.
- Hairdressing Program students went to the Professional Trade Show in Hairdressing in Montreal in Winter 2008. Lucie Idlout won silver in the National Skills Canada Competition in hairdressing.
- Arctic Bay Community Learning Centre is hosting an Inuit Heritage Trust project in partnership with Carleton University to map geographical locations of cultural significance on a Canada Culture On-line website.

Nunavut Research Institute

"The mission of the Nunavut Research Institute is to provide leadership in developing, facilitating and promoting traditional knowledge, science, research and technology as a resource for the well-being of people in Nunavut."

Located in Iqaluit with an office in Igloolik, Nunavut Research Institute is responsible for licensing of all research projects not regulated under the *Wildlife Act* or the Archeological Site Regulations. The Institute ensures that research projects in the north reflect Nunavut's priorities, represents Nunavut on science-related issues on national boards and agencies, and acts as a liaison between academic institutions and Nunavut organizations. Achievements include:

- Science Outreach and Education activities in twenty schools in Nunavut.
- New research licensing guidelines are in place and available at www.nri.nu.ca.
- Glossary produced for contaminants terminology.
- Information sheet for researchers – "How to work with translators and interpreters".
- Hosted the Nunavut node for the Climate Change Impact and Adaptation Research Network. 2002-2006.
- Collaborated with Claudio Aporta in the production of "Anijaarniq", a CD on Inuit Landskills and Wayfinding.
- Funding obtained from the University of Toronto for an Arctic Health Research Network Coordinator 2006.
- Partnered with the three territorial research institutes to obtain a SSHRC grant on the social economy.
- Hosted the International Polar Year Nunavut Coordinator for INAC.
- Held a consultation of Nunavut organizations on IPY activities.
- Published a Guide for Researchers in cooperation with Inuit Tapiriit Kanatami.
- Launched a web searchable database of publications at www.nwrcc.ca.
- Prepared materials for the British Museum on Caribou Skin Preparation.
- Successful partnerships and third party contracts with INAC, NSERC, GSC, Actua and many other organizations and universities.

Northern research is becoming a growth industry and has begun to function as part of a global knowledge economy where climate change and related environmental concerns are gaining international importance.

*The Nunavut Research Institute continues
its work to promote and preserve
Inuit Qaujimajatuqangit.*





Administration of Programs and Services

As part of the commitment of the Government of Nunavut to make jobs available to Nunavummiut in all parts of the territory, the Head Office was re-located to Arviat in 2001. The Academic Affairs and Finance and Administration divisions are located there. Head Office is responsible for the overall planning, coordination and direction of the academic and administrative affairs of the College. Accomplishments to date include:

- Completion of the 2006-2010 Inuit Employment Plan as submitted to the GN Human Resources for inclusion in the Nunavut Inuit Employment Plan.
- Preparation of the annual Business Plan and Program and Services Plan for GN Finance.
- Improved computer services through the installation of new servers at all locations.
- Upgraded campus computer labs for instructing higher level programs.
- Installation of NetKaster at regional campuses improving connectivity for computer labs.
- Development and delivery of successful customized training programs such as the Municipal Training Organization Program and Mental Health Diploma Program.
- Improved access to library services throughout the College.
- A Language and Culture Committee advising on culturally appropriate curricula.
- College graduates are finding employment in record numbers soon after graduation and would recommend the College to others.
- Multi-year Prior Learning Assessment and Recognition Project funded by Human Resource Development Canada.
- Launch of Nunavut Arctic College Instructor Development Program at Rankin Inlet.
- Signed on to the University of the Arctic Charter, an agreement to increase international cooperation in higher education.

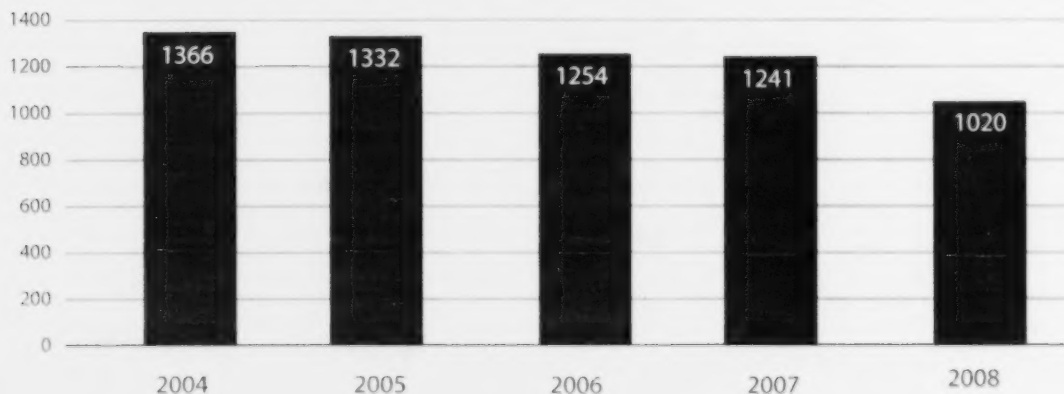
2004-2008 Enrollments

Post-secondary enrollments are influenced by a number of factors, but particularly by funding and the economy. When federal or territorial funding is available, enrollments tend to strengthen. When the economy strengthens, enrollments tend to weaken.

Nunavut Arctic College enrollments have declined from a peak in 2004 of 1,366 to 1,020 in 2008. Two-thirds of all Arctic College programs are third-party funded, not base funded. Decreases in third party funding are the main reason for a decline in enrollments. At the same time, enrollments in Adult Basic Education have been declining for the past ten years because students cannot get financial sponsorship.

As the Nunavut economy strengthens, more Nunavummiut are being employed. This has had two contrasting effects on enrollments. Generally it has contributed to a decline in the overall enrollment as young Nunavummiut choose jobs over education. However it has also had a positive impact on a narrow range of trades enrollments. Mining-related training has experienced an increase. Completion of the Nunavut Trades Training Centre in Rankin Inlet is expected to significantly increase trades enrollments in the future.

2004-2008 Enrollments



NUNAVUT ARCTIC COLLEGE

FINANCIAL STATEMENTS

June 30, 2008



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Nunavut Arctic College

I have audited the balance sheet of Nunavut Arctic College as at June 30, 2008 and the statements of operations, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College, the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

John Apt, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
August 8, 2008

NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

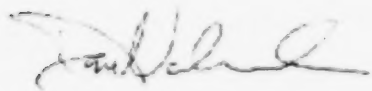
The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits, that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Finance Committee, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets periodically with management and the external auditors, who have full and free access to the Finance Committee.

The College's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing her report thereon.



Daniel Vandermeulen
President
Date : August 8, 2008



Marcelo Parungao
Bursar / Chief Financial Officer
Date : August 8, 2008

NUNAVUT ARCTIC COLLEGE

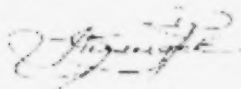
BALANCE SHEET as at June 30 (thousands)

	2008	2007
Assets		
Current:		
Cash	\$ 1,374	\$ 1,483
Short-term investments (Note 4)	19,115	16,053
Net accounts receivable (Note 5)	3,761	2,526
Prepaid expenses	206	119
	<u>24,456</u>	<u>20,181</u>
Equipment, furniture and building improvements (Note 6)	546	421
	<u>\$ 25,002</u>	<u>\$ 20,602</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	\$ 1,195	\$ 1,138
Capital lease obligations (Note 7)	29	-
Due to the Government of Nunavut	5,323	3,781
Deferred government contributions (Note 10)	13,102	11,953
Deferred contract income	2,491	1,237
	<u>22,140</u>	<u>18,109</u>
Capital Lease Obligations (Note 7)	82	-
Professional development fund (Note 8)	365	271
Employee future benefits (Note 9)	1,028	961
	<u>23,615</u>	<u>19,341</u>
Retained Earnings	<u>1,387</u>	<u>1,261</u>
	<u>\$ 25,002</u>	<u>\$ 20,602</u>

Commitments (Note 12)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Jose Kusugak
Chairperson of the Board

Nunavut Arctic College Annual Report 2007-2008

NUNAVUT ARCTIC COLLEGE

STATEMENT OF OPERATIONS, COMPREHENSIVE INCOME AND RETAINED EARNINGS for the year ended June 30 (thousands)

	2008	2007
Revenues:		
Contract income (Note 11)	\$ 8,042	\$ 7,673
Room and board	653	799
Tuition fees	577	713
Miscellaneous revenue & recoveries	380	631
Investment income	494	427
	<hr/> 10,146	<hr/> 10,243
Expenses:		
Salaries and employee benefits (Note 9)	\$ 17,265	\$ 16,868
Fees and professional services	5,079	4,584
Buildings and utilities	4,750	4,065
Travel	1,941	1,557
Housing	1,190	1,159
Materials and supplies	1,073	899
Furniture and equipment	384	390
Telecommunications	300	275
Advertising and promotion	340	369
Bad debts	154	287
Freight and postage	200	213
Contributions to the Professional Development Fund (Note 8)	132	146
Amortization	97	65
	<hr/> 32,905	<hr/> 30,877
Net loss before government contributions	(22,759)	(20,634)
Government contributions (Note 10)	<hr/> 22,885	<hr/> 21,529
Net income and comprehensive income	126	895
Retained earnings, beginning of year	<hr/> 1,261	<hr/> 366
Retained earnings, end of year	<hr/> <hr/> \$ 1,387	<hr/> <hr/> \$ 1,261

The accompanying notes are an integral part of the financial statements.

NUNAVUT ARCTIC COLLEGE

STATEMENT OF CASH FLOWS for the year ended June 30 (thousands)

	2008	2007
Cash provided by operating activities:		
Cash provided by government contribution	\$ 17,246	\$ 16,250
Cash provided by contracts	8,035	9,440
Cash provided by other sources of income	2,732	2,400
Cash used in operations	(13,333)	(13,162)
Cash used for salaries	(11,466)	(12,182)
Net cash provided by operating activities	3,214	2,746
Cash used for investing activities		
Investments purchased	(19,100)	(18,000)
Investments disposed	16,000	16,055
Purchase of equipment, furniture and building improvements	(223)	(91)
Net cash used for investing activities	(3,323)	(2,036)
Net (decrease) increase in cash	(109)	710
Cash, beginning of year	1,483	773
Cash, end of year	\$ 1,374	\$ 1,483
Supplemental Information: Interest Paid in the Year	14	-

The accompanying notes are an integral part of the financial statements.

NUNAVUT ARCTIC COLLEGE

NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

1. THE COLLEGE

a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* (FAA) of Nunavut and, accordingly operates in accordance with Part IX of the FAA and the *Public Colleges Act*. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. CHANGES IN ACCOUNTING POLICIES

On July 1, 2007, the College adopted the following new Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1530, *Comprehensive Income*; 3251, *Equity*; 3855, *Financial Instruments – Recognition and Measurement*; and 3861, *Financial Instruments – Disclosure and Presentation*. These sections provide standards for recognition, measurement, disclosure and presentation of other comprehensive income, equity, financial assets, financial liabilities and non-financial derivatives. Each of these standards requires retrospective application without prior period restatement with any adjustments being recorded in opening retained earnings, and as a result comparative financial statements have not been restated. As at July 1, 2007, no transitional adjustments were required to the opening balance of the College's retained earnings arising from the adoption of these new sections. The principal changes in the accounting resulting from the adoption of these new standards are described below.

Financial instruments

Section 3855 – *Financial Instruments – Recognition and Measurement*, establishes the criteria for recognition, derecognition, measurement and classification of financial instruments. Under the new standards, all financial instruments are classified into one of the following categories: financial assets as held for trading, held-to-maturity, available-for-sale, or as loans and receivables, and financial liabilities as held for trading, or as other financial liabilities. In accordance with the transitional provisions, upon initial recognition, financial assets and financial liabilities are required to be measured at their fair value except for certain related party transactions which are required to be measured at the carrying amount or exchange amount. Subsequent measurement and changes in fair value will depend on their initial classification or designation which depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. Held for trading financial instruments are subsequently measured at fair value and all gains and losses are recognized in net income in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired at which time the amounts would be recognized in net income. Financial assets held-to-maturity, loans and receivables, and other liabilities are measured at amortized cost.

The College's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, due to the Government of Nunavut and professional development fund. The estimated fair values of these financial instruments is assumed to approximate their carrying amounts due to the relatively short period to maturity of these instruments, and have been classified as follows:

Held-for- trading – Cash, short term investments, accounts receivable, accounts payable, and Due to the Government of Nunavut is classified as held-for-trading and measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise.

Other financial liabilities – professional development fund is classified as other financial liabilities. As the fund is a related party balance, it is initially measured at the carrying amount and subsequently measured at amortized cost using the effective interest method.

Comprehensive income

Section 1530, *Comprehensive Income*, describes reporting and disclosure requirements with respect to comprehensive income and its components. Comprehensive income is composed of the College's net income and other comprehensive income, and requires certain unrealized gains and losses resulting from changes in fair value of certain financial instruments, that would otherwise be recorded as part of net income, to be presented in other comprehensive income until such a time as it is considered appropriate for them to be recognized in net income.

The adoption of this section had no impact on the College, as there have been no transactions resulting in other comprehensive income.

Equity

Section 3251, *Equity*, establishes standards for the presentation of equity and changes in equity for a reporting period as a result of the application of Section 1530, *Comprehensive Income*.

The adoption of this section had no impact on the College's equity presentation since there have been no transactions resulting in other comprehensive income or changes in equity.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies are as follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities and revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The more significant areas requiring the use of management estimates are the allowance for doubtful accounts and the provision for employee future benefits. Actual results may differ from those estimated. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

b) Short-Term Investments

Short-term investments, which are carried at fair value as they are intended to be held for trading, are comprised of marketable securities with original maturity dates of more than 90 days but less than 12 months.

c) Contributions from the Government of Nunavut

BASE CONTRIBUTIONS

The College accrues its base contribution from the Government of Nunavut into income on a straight-line basis. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions. Supplementary contributions are recorded when receivable.

SERVICES PROVIDED WITHOUT CHARGE

The Government provides certain services without charge to the College. The estimated value of these services is recorded as government contributions, and an equivalent amount is included in the expenses.

d) Contract Income

The College enters into contracts with private companies, federal and territorial government departments, agencies and Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

e) Equipment, Furniture and Building Improvements

Equipment, furniture and building improvements transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995 were recorded at their estimated fair market value at that date. Subsequent acquisitions are recorded at cost. Equipment, furniture, and building improvements are amortized over their estimated useful lives on a straight line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Mobile equipment	10%
Assets under capital lease	over lease term

f) Employee Leave Benefits

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as payable as the benefits accrue to employees.

g) Capital Lease Obligation

The College classifies leases for equipment as either capital or operating leases, as appropriate.

CAPITAL LEASES

Those leases which transfer substantially all the benefits and risks of ownership of property to the College are accounted for as both tangible capital asset and a related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

OPERATING LEASES

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the College. Lease payments under operating leases are expensed in the year they are incurred.

h) Employee Future Benefits

PENSION BENEFITS

Eligible employees of the College participate in the Public Service Pension Plan administered by the Government of Canada. The employees and the College contribute to the cost of the Plan. The College's contributions to the plan reflect the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. The College contributes at a rate of 2.02 times (2007-2.14 times) the employee's contribution. These contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Account.

NON-PENSION BENEFITS

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's assumptions and best estimates. The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and community of residence. These benefits represent the only obligation of the College that entails settlement by future payment.

i) Future Accounting Changes

The Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards which may impact the College's financial statements and will be in effect for the College's 2008-2009 fiscal year.

Section 1535 – Capital Disclosure – This standard requires the disclosure of both qualitative and quantitative information, which allows the users of financial statements to evaluate the College's objectives, policies, and processes for managing capital. Whether or not the College has complied with its capitals requirements and the consequences of non-compliance are also required to be discussed.

Section 3862 and 3863 – Financial Instruments Disclosure and Presentation- These standards will require enhanced disclosures and presentation on the significance and management of risk associated with the College's financial instruments.

Management does not foresee any significant impact of the above new accounting standards on its financial statements.

International Financial Reporting Standards (IFRS) – The Accounting Standards Board is planning to replace all current standards and guidance under the Canadian GAAP with IFRS. The new standards will be in effect for the College's 2011-2012 fiscal year, however changes to disclosure may be required as early as the 2008-2009 fiscal year. Management has not yet fully assessed the impact of these changes on its financial statements.

4. SHORT-TERM INVESTMENTS

The average yield of the portfolio held as of June 30, 2008 is 3.30 % (2007 – 4.05%). The average term to maturity is 350 days (2007 - 297 days).

The College invests in the short-term money market and securities. These are limited to those that are 100% guaranteed by the Government of Canada.

5. NET ACCOUNTS RECEIVABLE

(thousands)	2008	2007
STUDENT RECEIVABLE		
Government of Nunavut	\$ 573	\$ 519
Student Tuition	633	573
	<hr/> 1,206	<hr/> 1,092
CONTRACTS RECEIVABLE		
Government of Nunavut	2,132	1,676
Others	1,625	802
	<hr/> 3,757	<hr/> 2,478
SUNDRY RECEIVABLE		
Government of Nunavut	1	3
Sundry	125	122
	<hr/> 126	<hr/> 125
TOTAL RECEIVABLE		
	5,089	3,695
Less: Allowance for doubtful accounts	(1,328)	(1,169)
	<hr/> \$ 3,761	<hr/> \$ 2,526

There is no concentration of accounts receivable with any customer, except the Government of Nunavut - \$2,706,000 (\$2,198,000 for 2007).

With respect to Section 82 of the *Financial Administration Act* of Nunavut, the Board of Governors did not approve any write-offs of uncollectable accounts during the year (2007 – nil) as no amounts were presented to the Board of Governors.

6. EQUIPMENT, FURNITURE, BUILDING IMPROVEMENTS

(thousands)

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers and printers	\$ 343	\$ 305	\$ 38	\$ 55
Furniture and equipment	654	549	105	130
Building improvements	271	154	117	123
Mobile equipment	451	265	186	113
Assets under capital lease	117	17	100	-
	<u>\$ 1,836</u>	<u>\$ 1,290</u>	<u>\$ 546</u>	<u>\$ 421</u>

7. CAPITAL LEASE OBLIGATION

The College entered into a three (3) year and a five (5) year lease of computer and photocopier equipment, respectively in fiscal year 2007/08.

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of June 30, 2008.

(thousands)

	2008
Total Minimum Lease Payments	\$ 138
Less: Imputed interest (Total Interest Expense to be incurred)	(27)
Present Value of Minimum Lease Payments	<u>\$ 111</u>

The future minimum lease payments for each of the next 5 years are :

2009	\$ 40
2010	29
2011	26
2012	26
2013	17
	<u>\$ 138</u>

Lease payments are allocated between repayments of the liability and interest expenses. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

The implied average interest for the capital lease obligation is 15% (none in 2007). The capital lease obligations expires during the fiscal year of 2012/13.

8. PROFESSIONAL DEVELOPMENT FUND

The College is required, under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 3% (2007 – 3%) of instructors' salaries for professional development activities. Contributions to the professional development liability fund were \$132,000 (2007 – \$146,000) and this amount is recorded as an expense in the Statement of Operations.

The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

(thousands)	2008	2007
Opening fund balance	\$ 271	\$ 332
Add: Contribution	132	146
Interest Earned	7	8
Less: Expenditures	(45)	(215)
Closing fund balance	<u>\$ 365</u>	<u>\$ 271</u>

9. EMPLOYEE FUTURE BENEFITS

PENSION

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(thousands)	2008	2007
College's contributions	\$ 1,210	\$ 1,158
Employee's contributions	565	541

NON-PENSION

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

(thousands)	2008	2007
Severance & retirement		
Accrued obligation, beginning of year	\$ 641	\$ 358
Add: Expense for the year	185	331
Less: Benefits paid	(95)	(48)
Accrued obligation, end of year	731	641
Removal		
Accrued obligation, beginning of year	320	362
Add: Expense for the year	47	60
Less: Benefits paid	(70)	(102)
Accrued obligation, end of year	297	320
	<u>\$ 1,028</u>	<u>\$ 961</u>

10. GOVERNMENT CONTRIBUTIONS

(thousands)	2008	2007
Contributions received from the Government of Nunavut	\$ 17,246	\$ 16,250
Receivable for Nunavut Employee's Union Retroactive Pay	571	-
Deferred revenue, Current year	(13,102)	(11,953)
Deferred revenue, Prior year	11,953	11,784
	<hr/>	<hr/>
Current year Contribution from Government of Nunavut	16,668	16,081
Services provided without charge	6,217	5,448
	<hr/>	<hr/>
	\$ 22,885	\$ 21,529

Deferred government contributions of \$13,102,000 (2007 – \$11,953,000) represents contributions that were received in 2007/08 from the Government of Nunavut for the 2008/09 fiscal year base expenditures.

11. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. In addition to those related party transactions disclosed elsewhere in these financial statements, the College, had the following transactions:

CONTRACT INCOME

Of the \$8,042,000 of contract income earned in the year, \$ 5,006,170 (2007 – \$4,707,000) is for courses delivered on behalf of the Government of Nunavut.

SERVICES PROVIDED WITHOUT CHARGE

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expense for these assets has been used as the basis for the estimated cost of the use of these facilities.

(thousands)	2008	2007
Employee benefits	\$ 802	\$ 712
Use of facilities	4,537	3,882
Payroll processing and other services	878	854
	<hr/>	<hr/>
	\$ 6,217	\$ 5,448

12. COMMITMENTS

In addition to the facilities provided by the Government, the College has operating leases and service agreements for student accommodation, office equipment and other services and is committed to the following basic payments over the next five years:

(thousands)

2009	\$	1,287
2010		1,160
2011		179
2012		179
2013		56
		<hr/>
	\$	2,861
		<hr/>

13. GUARANTEES

Other indemnification agreements.

In the normal course of operations, the College signs agreements whereby funds are provided to the College for the execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

14. COMPARATIVE INFORMATION

Certain figures have been reclassified to conform to the current year's presentation.